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June 5, 2015

Energy & Telecommunications
Interim Committee 2015-16

Energy & Telecommunication Interim Committee
Legislative Services Division
PO Box 201706
Helena, MT 59620-1706

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Exhibit 15

Dear Members of the Energy & Telecommunication Interim Committee,

The Montana Renewable Energy Association stands ready to participate in the Energy & Telecommunication Interim Committee study of Montana's net metering policy. MREA's membership includes solar, small wind and micro hydro installation businesses and contractors, as well as owners of net metering systems. We look forward to a thorough examination of the issues surrounding net metering and we will be available as a resource to the committee throughout its deliberations.

Prioritize cost shift study

As you set priorities for the ETIC work plan, we encourage you to focus the bulk of your resources for a study of net metering on the most complex and contentious issue that was raised in hearings on net metering legislation at the 2015 Legislature. That top priority should be to determine whether Montana's existing net metering policy creates a cost shift between net metering customers and other utility customers and, if so, to what extent.

Quantify all potential benefits

As SJ 12 clearly established, it is important to fully and fairly account for the costs and benefits created by net metering systems. The "Potential Draft Questions—Net Metering Questionnaire" prepared by ETIC staff outlines many aspects of net metering that require examination by the committee. Adding the following questions to that questionnaire will help to ensure a balanced study of net metering.

Question #20 for NorthWestern Energy, #21 for Montana Dakota Utilities and #21 for the rural electric cooperatives asks the utilities to identify the benefits of net metering. The list of avoided costs in those questions should be supplemented with the following additional values.

New value to include in list of net metering benefits	Explanation
Avoided power plant operations and maintenance costs	Reduced energy demand due to net metering may reduce the operating and maintenance costs at utility-owned generating facilities.

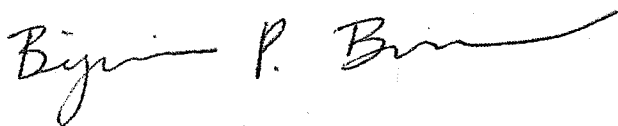
Avoided fuel price hedging costs	Lower demand for energy as a result of net metering may allow utilities to avoid costs of hedging against the volatility of fossil fuel supply prices.
Avoided generation capacity investments or purchases	Construction, financing and/or purchase costs for new generation capacity may be avoided with increased supply from net metering systems.
Avoided renewable energy standard compliance costs	By reducing utility electricity sales, net metering reduces the amount of eligible renewable energy resources or credits a utility must purchase to comply with Montana's renewable energy standard.
Value of excess net metering credits sacrificed to the utility by net metering customers at the end of billing periods	At the end of a 12-month billing cycle a net metering customer must sacrifice to the utility the value of any remaining bill credits they've accumulated. Those bill credits represent kilowatt hours the utility received from the net metering customer and sold to a neighboring customer.
Value of unclaimed Bonneville Power Administration (BPA) Residential Exchange Credits	Residential and agricultural customers of NorthWestern Energy receive a credit on their bill each month as a pass-through from BPA. When net metering customers are billed for less energy, they receive fewer credits and those credits are then re-allocated to other NWE customers.

Make questions open to all parties

The Montana Renewable Energy Association is prepared to answer questions pertaining to the renewable energy industry, however we think it is important that all of the questions in the questionnaire be open to any interested stakeholder and that the committee be ready to take into consideration responses from all interested parties.

Thank you for your service on ETIC and your willingness to delve into this important piece of Montana's energy policy.

Sincerely,



Ben Brouwer
Policy Director

Cc: Sonja Nowakowski